



Contributions

You, your employer, and the State of Illinois make contributions to TRS to provide for your retirement, disability, and death benefits.

Member contributions

As an active TRS member, you are required to contribute 9.4 percent of your gross creditable earnings (defined under “Earnings”) toward retirement each year. Your contribution consists of:

- ★ 7.5 percent for retirement annuities,
- ★ 0.5 percent for automatic annual increases in annuities,
- ★ 1 percent for death benefits, and
- ★ 0.4 percent to fund the Early Retirement Option.

You must also contribute a percentage of your gross creditable earnings to help fund the Teachers’ Health Insurance Security (THIS) Fund, which finances the Teachers’ Retirement Insurance Program (TRIP).

Contributions are withheld from your creditable earnings by payroll deduction or are paid by your employer and are credited to your TRS account. Your contributions accrue interest at the rate of 6 percent per year and are sheltered from federal income taxes. Annually you will receive a TRS Benefits Report that provides information about your contributions. (See “TRS Benefits Report” under “Important Reminders,” page 46.)

Employer contributions

Employers contribute a percentage of creditable earnings (defined under “Earnings”). In addition, if any portion of a member’s creditable earnings is paid from a special trust or federal fund, the employer pays TRS an additional contribution on creditable earnings paid from that special trust or federal fund.

Since January 1, 2002, employers have also made contributions to the THIS Fund.

New employer contributions

On June 1, 2005, Governor Blagojevich signed Public Act 94-0004 into law. Part of the legislation requires new employer contributions for end-of-career salary increases exceeding 6 percent and for sick leave granted near the end of a career.

End-of-career salary increases exceeding 6 percent

Your employer will be required to pay TRS for the actuarial value of any salary increase over 6 percent that is used in the final average salary calculation and increases your pension benefit. The amount will be determined when you retire and your employer will be required to pay a lump sum to TRS.

Contracts and collective bargaining agreements in effect prior to June 1, 2005 that provide for pay increases over 6 percent at retirement are exempt from the provisions contained in the act.

Sick leave granted near the end of a career

Employers will be responsible for the cost of sick leave granted in excess of the normal allotment that is used to secure TRS service credit. The law exempts collective bargaining agreements and contracts as discussed in the paragraph above.

State of Illinois contributions

The State of Illinois provides a large source of contributions. The state also makes contributions for the 2.2 benefit formula.

Assignment of contributions and loans

By law, you are protected from creditors placing a lien on, garnishing, or confiscating contributions you have made to TRS. This provision does not extend to federal tax levies. You may not assign your TRS contributions to a creditor or borrow against your account funds.